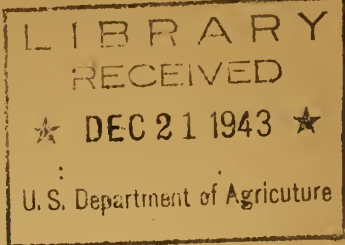


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WAR FOOD ADMINISTRATION



November 1943

HOG MARKETING

Before considering what can and ought to be done to effect orderly marketing of the 1943 record pig crop, it might be well to make a few comparisons and review what has been done.

Background

Hog raisers of the United States produced nearly 61 million pigs from the 1942 spring crop, an increase of 24 percent as compared with 1941. The United States Department of Agriculture expected some difficulty in marketing and processing the record 1942 pig crop. To meet this problem a hog marketing committee was formed within the Department to publicize the situation and urge the spreading of marketings to avoid, as far as possible, the heavy runs during December and January.

These committees were established at 12 terminal markets to assist in the orderly marketing of hogs. An interior hog marketing committee was set up with headquarters at Des Moines, Iowa, and local interior committees were established at Ottumwa, Cedar Rapids, Waterloo, Mason City, Fort Dodge, Albert Lea, Austin, and other places in the State to aid in carrying out the plans.

The program for orderly hog marketing last fall also included preparation for a special market news service as a further aid to hog producers. Through this service it was planned to gather daily from principal terminal markets and interior points information concerning the hog marketing situation. The object was to give hog raisers additional information upon which to base their marketing plans.

A permit plan was worked out calling for issuance of permits to individual farmers and hog feeders. Permits, however, were not needed last fall.

Hog marketing committees and agencies of the Government carried on the program throughout the country. Considerable interest was stimulated in orderly marketing and no serious congestion developed despite the fact that December Federal slaughter of hogs set a new 1-month record of 6,778,000 head.

1943 Picture

Before presenting the high-lights of the current hog situation, here are figures showing the livestock on farms in the United States. They reflect an abundance of all classes of meat animals; figures on both cattle and hogs being at a new high level. These large supplies which are a credit to the livestock producers of the country will mean added pressure on slaughtering, processing, and storage facilities during the coming months.

The table follows:

Livestock on Farms in U. S.
(In thousands, i.e. 000 omitted)

1934	1935	1936	1937	1938	1939	1940	1941	1942	1943
All Cattle and Calves									
74,369	68,846	67,847	66,098	65,249	66,029	68,197	71,461	75,162	78,170
Cows and Heifers Kept for Milk									
26,931	26,082	25,196	24,649	24,466	24,600	24,926	25,478	26,398	26,946
Sheep and Lambs									
53,503	51,808	51,087	51,019	51,210	51,595	52,399	54,283	56,735	55,089
Hogs									
58,621	39,066	42,975	43,083	44,525	50,012	61,115	54,256	60,377	73,660

Getting back to the situation facing hog raisers in 1943, at the request of the Government producers expanded hog numbers. Every State except Rhode Island showed an increase in the spring pig crop. The total for the United States was 74,050,000 head, an increase of 22 percent over 1942.

The following table shows the number of spring pigs saved during 1941, 1942, and 1943 in the North Central States and the total for the United States:

Spring Pig Crop
(In thousands)

	1941	1942	1942 Increase over 1941	1943	1943 Increase over 1942
Ohio	2,619	3,121	19	3,438	10
Ind.	3,562	4,004	15	4,271	7
Ill.	5,078	5,846	19	6,597	13
Mich.	806	956	19	1,184	24
Wis.	2,182	2,451	12	2,780	13
Minn.	4,601	5,355	16	6,348	19
Iowa	10,906	12,756	17	15,117	19
Mo.	2,670	3,452	29	4,137	20
N. Dak.	814	1,248	53	1,568	26
S. Dak.	1,659	2,101	27	2,835	35
Neb.	2,022	3,008	49	4,581	52
Kans.	1,016	1,679	65	2,289	36
N. Central States	37,935	45,977	22	55,145	20
Okla.	676	978	45	1,364	39
Tex.	1,067	1,620	52	2,148	33
U. S.	49,455	60,946	24	74,050	22

Summary of Pig Crop Figures
(In thousands)

1934	1935	1936	1937	1938	1939	1940	1941	1942	1943
Spring Pig Crop									
39,689	32,884	41,422	38,525	43,289	53,238	49,567	49,234	60,946	74,050
Fall Pig Crop									
17,068	23,260	24,303	23,994	28,566	33,714	30,273	35,493	43,721	53,000
Total Pig Crop									
56,757	56,144	65,725	62,519	71,855	86,952	79,840	84,727	104,667	127,050

Figures have been presented showing the size and location of much of the 1943 spring pig crop. In order to show a comparison of the hog movement this fall to date with that of the corresponding period a year ago, there are presented below monthly hog receipts for 10 terminal markets and for interior Iowa and southern Minnesota for the past 2 months. Although the marketward movement has by no means been consistent, since it shows decreases at some points and sharp increases at others, the net result at the 10 markets was an increase of 12 percent for these 2 months this year. The combined total at the 10 markets and the interior area reflected a net increase of 13 percent. The table follows:

Total Hog Receipts
(In thousands)

	September		4 Weeks Ending		Increase 2 months 1943 over 1942
	1942	1943	10/30/42	10/31/43	
Chicago	406	367	383	377	-6
Nat'l Stk. Yds.	213	232	219	242	10
South St. Paul	183	204	226	323	29
Indianapolis	227	190	228	199	-15
Omaha	139	196	140	184	36
Sioux City	85	126	82	142	60
Cincinnati	98	93	85	94	2
St. Joseph	59	81	69	106	46
Peoria	53	66	53	62	15
Kansas City	49	59	52	66	24
Total	1512	1614	1542	1795	12
Interior Iowa and So. Minn.	650	684	659	819	15
Total 10 markets and Interior Iowa and So. Minn.	2162	2298	2201	2614	13

Future Supply

Slaughter of 53,897,000 hogs under Federal inspection in the United States in 1942 established a new record. It was 16 percent larger than that of 1941 and 31 percent larger than the 5-year 1937 to 1941 average. With the exception of January this year, hog slaughter for each month of 1943 to date has shown an increase compared with a year ago, with most months establishing new records for the month.

The average relationship between hogs slaughtered under Federal inspection and the spring pig crop in terms of supplies for the coming months gives a fairly reliable indication of what to expect in the way of future supplies.

In the table below are presented figures on hogs slaughtered under Federal inspection during the past 3 years, with estimated monthly slaughter the last few months of this year. These estimates include 7,775,000 for December this year. If that number were to be offered and could be handled by the packers, it would mean an increase of about 1,000,000 head over slaughter in December 1942.

Federally Inspected Hog Slaughter (In thousands)

Month	1941	1942	Increase 1942 over 1941	1943	Increase 1943 over 1942
January	4,517	5,832	29	5,431	-7
February	3,725	3,892	4	4,335	11
March	3,904	4,134	6	4,661	13
April	3,807	4,196	10	4,463	6
May	4,023	4,320	7	5,357	24
June	3,336	4,554	37	5,650	24
July	3,006	3,886	29	5,426	40
August	2,796	3,223	15	4,464	39
September	2,920	3,843	32	4,174	9
October	4,157	4,218	1	5,200 1/	23
November	4,561	5,023	10	5,739 1/	14
December	5,767	6,778	18	7,775 1/	15
Year	46,520	53,897	16	62,675	16

1/ Estimated.

Other Factors

There are a number of other factors that have a bearing upon the hog marketing situation, but only brief reference is made to them in this summary.

Demand

Every indication points to a continued extensive demand for pork and pork products for some time to come. A large percentage of civilian workers have more buying power than normally and the meat requirements of the armed services of this country and our fighting allies are extremely large. About one-third of our estimated meat production in 1944, or 8 billion pounds of an estimated production of 24 billion pounds, will be required for military and war service needs.

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Price

The price situation has had two important developments since last fall, namely, the establishment of maximum or ceiling prices on hogs and the announced support program.

Maximum Prices

The Office of Price Administration through Maximum Price Regulation No. 469, fixed dollar-and-cents ceiling prices for live hogs effective October 4, 1943. The maximum price at Chicago is \$14.75. These maximum prices apply to no specific grade or weight but to all hogs except hogs of 140 pounds and down which are intended for feeding 30 days or longer; also to hogs intended for breeding, or hogs intended for the manufacture of serum. Certain sales of hogs made by 4-H Club members, or by Future Farmers of America or members of other recognized farm youth organizations are also excluded.

Support Program

It is the War Food Administration's plan to do its utmost to maintain the announced support program by purchasing pork products in the quantities necessary at prices that will reflect at least the support level for live hogs. The WFA feels confident that this program will result in sufficient competition for hogs to maintain the support level, provided hogs are marketed in an orderly manner and at a rate that does not exceed the capacity of the plants to handle them. If, therefore, producers are to receive the maximum benefit from the hog support program, it will be necessary for them to gear their marketings to the capacity of the markets and the interior packing plants so that their hogs may be handled promptly.

The best way to accomplish this objective is for producers to make sure their hogs can be handled immediately before they send them to market. A telegram or a telephone call to the market agency through which they sell their hogs on the terminal market, or to the packing plant if they sell them direct, may yield returns many times the nominal cost. It will also prevent market congestion and enable the producer to obtain the full benefits of the market support program by getting his hogs in when they can be handled. In addition, arrangements should be made for transportation as far in advance as possible so that cars and trucks, which are scarce, will be on hand when needed.

The support program has been expressed as a general level of prices in terms of the Chicago market. It does not mean necessarily that the prices of hogs will be supported at Chicago any more than elsewhere. The Food Distribution Administration will purchase pork wherever it is offered so that packers may operate their plants as near capacity as they can and in conformity with their normal seasonal operations.

The support program at points other than Chicago has been interpreted to be a normal seasonal differential in comparison with the stated support level at Chicago. The fact that there is a \$1.00 spread between the ceiling price and the support level at Chicago, does not, therefore, necessarily mean that the support level is \$1.00 under the ceiling level at every buying point for

which the Office of Price Administration has established a ceiling. Intermarket packing plant and buying station differentials vary materially, depending upon competitive conditions, such as the number of hogs available, seasonal runs, and other factors.

Storage

Storage facilities in packing houses and cold storage plants are expected to be under severe strain because of record supplies of hogs and other livestock as well as of the need for a uniform flow of pork to civilians under the rationing program and of supplying a fairly constant quantity of pork products to our allies.

Feed

The October 1 report indicated the second largest corn crop on record. However, because of the need for feed for increased production of poultry and dairy products, the need for more corn than usual for industrial purposes, and the record number of cattle and the large volume of sheep in the country, the Government is urging that hogs be marketed at more nearly average weights than last year and that numbers be scaled down to a basis more nearly in line with feed production.

Transportation

A recent survey by the Bureau of Agricultural Economics showed the following estimated number of livestock trucks available in the fall and winter of 1943-44, compared with a year earlier, expressed on a percentage basis:

State	Percentage	State	Percentage
North Dakota	85-87	Wisconsin	90
South Dakota	86	Michigan	90
Nebraska	78	Illinois	80
Kansas	85-90	Indiana	75-80
Oklahoma	80-85	Ohio	85
Minnesota	80	Kentucky	90
Iowa	82	Missouri	80

As estimated on a percentage basis, the volume of livestock that can be transported this fall and winter compared with the volume transported by truck a year earlier, ranges from 70 to 100 percent, North Dakota being estimated at 105 to 110 percent, and Indiana from 110 to 125 percent. The Office of Defense Transportation is organizing area and county transportation committees for the purpose of increasing the efficiency of livestock trucking facilities.

The marketward movement of hogs can be kept on an orderly basis and on a basis not to exceed the capacity of markets and processing plants, in spite of the decrease in transportation facilities.

Labor conditions

Livestock selling agencies at the stockyards and stockyard companies are experiencing difficulty in maintaining sufficient manpower. The most serious aspect of the labor situation as it relates to hog marketing, however, is the shortage of manpower in many packing houses. Although a number of steps are being taken to obtain labor for packing plants during the season of heavy hog marketings, the packing house labor situation appears to be the most serious bottleneck in the hog marketing picture.

The entire hog marketing situation boils down to finding ways and means of marketing the record crop of hogs -- a crop 22 percent above last year -- in an orderly way, through processing facilities frequently manned by fewer workers and probably less efficient personnel than a year ago.

State and Federal agencies, representatives of the livestock marketing and meat packing industry, newspapers, radio stations, transportation agencies and others are joining hog raisers in working out the problem.

